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# HOUSE BILL No. 1058

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-12.4.

**Synopsis:** Property tax abatements. Removes the 2009 expiration of the property tax abatement for the creation or retention of jobs resulting from the development, redevelopment, or rehabilitation of real property or the purchase of personal property. Provides that, for an increase in assessed value of more than \$1,000,000, the abatement is provided over five years. (Current law provides that the abatement is provided over three years regardless of the increase in assessed value.)

**Effective:** January 1, 2007.

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January 4, 2006, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## HOUSE BILL No. 1058

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-12.4-2, AS ADDED BY P.L.193-2005,  
2       SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2007]: Sec. 2. (a) For purposes of this section, an  
4       increase in the assessed value of real property is determined in the  
5       same manner that an increase in the assessed value of real property is  
6       determined for purposes of IC 6-1.1-12.1.

7       (b) This subsection applies only to a development, redevelopment,  
8       or rehabilitation that is first assessed after March 1, 2005. ~~and before~~  
9       ~~March 2, 2009~~. Except as provided in subsection ~~(h)~~ (j) and sections 4,  
10      5, and 8 of this chapter, an owner of real property that:

11          (1) develops, redevelops, or rehabilitates the real property; and  
12          (2) creates or retains employment from the development,  
13          redevelopment, or rehabilitation;  
14      is entitled to a deduction from the assessed value of the real property.

15      (c) The deduction under this section is first available in the year in  
16      which the increase in assessed value resulting from the development,  
17      redevelopment, or rehabilitation occurs and continues:

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- (1) for the following two (2) years, **in the case of an increase in assessed value that is not more than one million dollars (\$1,000,000); and**
- (2) for the following four (4) years, **in the case of an increase in assessed value that is more than one million dollars (\$1,000,000).**

The amount of the deduction that a property owner may receive with respect to real property located in a county for a particular year equals the lesser of:

- ~~(1)~~ two million dollars (\$2,000,000); or
- ~~(2)~~ amount determined under subsection (d) or (e), as applicable.

**(d) In the case of an increase in assessed value that is not more than one million dollars (\$1,000,000), the amount of the deduction is the product of:**

- ~~(A)~~ (1) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by
- ~~(B)~~ (2) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

**(e) In the case of an increase in assessed value that is more than one million dollars (\$1,000,000), the amount of the deduction is the lesser of:**

- (1) two million dollars (\$2,000,000); or
- (2) the product of:
- (A) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by
- (B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

~~(d)~~ (f) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor shall:

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(1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and

(2) inform the county auditor of the deduction amount.

~~(e)~~ (g) The county auditor shall:

(1) make the deductions; and

(2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

~~(f)~~ (h) The amount of the deduction determined under subsection ~~(c)~~(2) (d) or (e) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:

(1) a general reassessment of real property under IC 6-1.1-4-4; or

(2) an annual adjustment under IC 6-1.1-4-4.5.

~~(g)~~ (i) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.

~~(h)~~ (j) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 2. IC 6-1.1-12.4-3, AS ADDED BY P.L.193-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]: Sec. 3. (a) For purposes of this section, an increase in the assessed value of personal property is determined in the same manner that an increase in the assessed value of new manufacturing equipment is determined for purposes of IC 6-1.1-12.1.

(b) This subsection applies only to personal property that the owner purchases after March 1, 2005. ~~and before March 2, 2009.~~ Except as provided in sections 4, 5, and 8 of this chapter, an owner that purchases personal property other than inventory (as defined in 50 IAC 4.2-5-1, as in effect on January 1, 2005) that:

(1) was never before used by its owner for any purpose in Indiana; and

(2) creates or retains employment;

is entitled to a deduction from the assessed value of the personal property.

(c) The deduction under this section is first available in the year in which the increase in assessed value resulting from the purchase of the personal property occurs and continues:

(1) for the following two (2) years, **in the case of an increase in assessed value that is not more than one million dollars (\$1,000,000); and**

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**(2) for the following four (4) years, in the case of an increase in assessed value that is more than one million dollars (\$1,000,000).**

The amount of the deduction that a property owner may receive with respect to personal property located in a county for a particular year equals the ~~lesser of~~:

~~(1) two million dollars (\$2,000,000); or~~

**(2) amount determined under subsection (d) or (e), as applicable.**

**(d) In the case of an increase in assessed value that is not more than one million dollars (\$1,000,000), the amount of the deduction is the product of:**

~~(A)~~ **(1) the increase in assessed value resulting from the purchase of the personal property; multiplied by**

~~(B)~~ **(2) the percentage from the following table:**

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

**(e) In the case of an increase in assessed value that is more than one million dollars (\$1,000,000), the amount of the deduction is the lesser of:**

**(1) two million dollars (\$2,000,000); or**

**(2) the product of:**

**(A) the increase in assessed value resulting from the purchase of the personal property; multiplied by**

**(B) the percentage from the following table:**

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

~~(d)~~ **(f) If an appeal of an assessment is approved that results in a reduction of the assessed value of the personal property, the amount of the deduction is adjusted to reflect the percentage decrease that results from the appeal.**

~~(e)~~ **(g) A property owner must claim the deduction under this section on the owner's annual personal property tax return. The township assessor shall:**

**(1) identify the personal property eligible for the deduction to the county auditor; and**

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(2) inform the county auditor of the deduction amount.

~~(f)~~ **(h)** The county auditor shall:

(1) make the deductions; and

(2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

SECTION 3. IC 6-1.1-12.4-12, AS ADDED BY P.L.193-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]: Sec. 12. If ownership of the real property or new personal property changes, the deduction under this chapter continues to apply to the real property or personal property, and the amount of deduction is the product of:

(1) the percentage under ~~section 2(c)(2)(B) or 3(c)(2)(B)~~ **section 2(d)(2), 2(e)(2)(B), 3(d)(2), or 3(e)(2)(B)** of this chapter, **as applicable**, that would have applied if the ownership of the property had not changed; multiplied by

(2) the assessed value of the real property or personal property for the year the new owner qualifies for the deduction.

SECTION 4. [EFFECTIVE JANUARY 1, 2007] **IC 6-1.1-12.4-2, IC 6-1.1-12.4-3, and IC 6-1.1-12.4-12, all as amended by this act, apply to deductions first available after December 31, 2006.**

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